

**THE GRANGE HOMEOWNERS ASSOCIATION**  
**Financial Statements**  
**Year Ended December 31, 2014**

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**THE GRANGE HOMEOWNERS ASSOCIATION  
INDEX TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014**

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# SCOTT TYWONIUK PROFESSIONAL CORPORATION

ACCOUNTING, ASSURANCE, MANAGEMENT CONSULTING, TAX & ESTATE PLANNING

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
**THE GRANGE HOMEOWNERS ASSOCIATION**

I have audited the accompanying financial statements of The Grange Homeowners Association, which comprise the statement of financial position as at December 31, 2014, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's responsibility for the financial statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's responsibility*


My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### *Opinion*

In my opinion, the financial statements present fairly, in all material respects, the financial position of The Grange Homeowners Association as at December 31, 2014, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

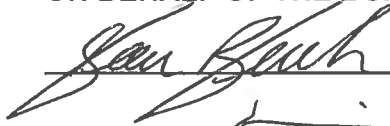


Chartered Accountant  
Edmonton, Alberta  
July 21, 2015

**THE GRANGE HOMEOWNERS ASSOCIATION  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2014**

	2014	2013
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 48,065	\$ 20,868
Accounts receivable	46,146	66,277
Prepaid expenses	412	412
	94,623	87,557
 <b>EQUIPMENT (Net of accumulated amortization – Note 4)</b>	 643	 624
	\$ 95,266	\$ 88,181
 <b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 6,392	\$ 4,860
Deferred contributions (Note 5)	720	--
	7,112	4,860
 <b>NET ASSETS</b>		
Net assets internally restricted for emergency purposes	3,972	3,972
Unrestricted net assets	84,182	79,349
	88,154	83,321
	\$ 95,266	\$ 88,181

**ON BEHALF OF THE BOARD OF DIRECTORS**

 \_\_\_\_\_, Director  
 \_\_\_\_\_, Director

The accompanying notes are an integral part of these financial statements.

**THE GRANGE HOMEOWNERS ASSOCIATION  
STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	2014	2013
<b>REVENUES</b>		
Homeowner fees	\$ 52,898	\$ 53,137
Administrative fees	9,210	9,555
Cost recoveries	1,453	--
	<b>63,561</b>	<b>62,692</b>
<b>EXPENSES</b>		
Repairs and maintenance (Note 6)	25,262	28,202
Landscaping (Note 7)	12,630	11,093
Professional fees	7,961	12,361
Administration	2,847	1,281
Office	3,724	4,667
Dues and fees	3,240	970
Insurance	1,750	1,784
Amortization	339	410
Telephone	330	--
Rental	320	965
Meeting costs	71	--
Interest and bank charges	26	162
Advertising	--	715
Bad debts	--	47
	<b>58,500</b>	<b>62,657</b>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>\$ 5,061</b>	<b>\$ 35</b>
<b>OTHER INCOME</b>		
Loss on disposal of assets	(228)	--
Other income	--	264
	<b>(228)</b>	<b>264</b>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>\$ 4,833</b>	<b>\$ 299</b>

**THE GRANGE HOMEOWNERS ASSOCIATION  
STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

			2014	2013
	Restricted for specific purposes	Unrestricted	Total	Total
<b>NET ASSETS, BEGINNING OF YEAR</b>	\$ 3,972	\$ 79,349	\$ 83,321	\$ 89,050
Donation from restricted purpose reserve (Note 3)		--	--	(6,028)
Excess (deficiency) of revenues over expenses		4,833	4,833	299
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 3,972</b>	<b>\$ 84,182</b>	<b>\$ 88,154</b>	<b>\$ 83,321</b>

The accompanying notes are an integral part of these financial statements.

**THE GRANGE HOMEOWNERS ASSOCIATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	2014	2013
<b>CASH FLOWS FROM OPERATIONS</b>		
Excess (deficiency) of revenues over expenses	\$ 4,833	\$ 299
Net change in items not affecting cash	567	410
Net change in non-cash working capital	22,383	(25,705)
	27,783	(24,996)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of equipment	(587)	(1,034)
Donation from restricted funds	--	(6,028)
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	27,196	(32,058)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	\$ 20,868	\$ 52,926
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 48,064	\$ 20,868
<b>CASH CONSISTS OF:</b>		
Cash	\$ 48,064	\$ 20,868

The accompanying notes are an integral part of these financial statements.

**THE GRANGE HOMEOWNERS ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

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**1. STATUS AND PURPOSE OF THE ORGANIZATION**

The Grange Homeowners Association (the "Association") was incorporated on March 5, 2004 under the Societies Act of Alberta and is not subject to income tax under Paragraph 149(1)(l) of the Canadian Income Tax Act. The Association was formed to provide the opportunity to enhance and augment the level of maintenance within the Grange community. An encumbrance has been registered against each land title (by the property developer) ensuring that all property owners are obligated to the association and allows for the collection of fees from the lots registered under the encumbrance. An elected Board of Directors from the association will determine the maintenance program and associated fees, if any, to be implemented.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the *CICA Handbook* and include the following significant accounting policies:

**(a) Revenue recognition**

The association follows the deferred method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable and the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from homeowner fees and administrative fees is recognized as revenue in the period to which the fee relates. Homeowner fees received in advance are recorded as deferred contributions.

Investment income is recognized as revenue when earned.

**(b) Contributed services**

Volunteers contribute significant amounts of time each year to assist the association in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

**(c) Cash and cash equivalents**

The association's policy is to present bank balances and term deposits with a maturity period of three months or less from the date of acquisition under cash and cash equivalents.

Cash and cash equivalents are classified as held for trading and include cash on hand and balances with banks.



**THE GRANGE HOMEOWNERS ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(d) Financial instrument measurement**

The association initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost.

The financial assets subsequently measured at amortized cost include cash and accounts receivable. The financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

**(e) Measurement uncertainty**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

**(f) Equipment**

Equipment is stated at cost less accumulated amortization. Equipment is amortized over its estimated useful lives at the following rates and methods:

Computer equipment	55%	declining balance method
Software	100%	declining balance method

The association regularly reviews its equipment to eliminate obsolete items. In the year of acquisition, half-rates are applied.

**3. INTERNAL RESTRICTIONS**

The board of directors of the association allocated \$10,000 for emergency purposes and future special projects yet to be determined by the association upon start-up of the Association. This amount was reduced to \$6,028 in prior years to allow for adequate cash flow for ongoing operations.

At the 2013 annual general meeting a motion was passed donating the balance held in reserve to the Glastonbury Community League. The donation was used by the Glastonbury Community League to help fund construction of a permanent spray park in the community.

In 2013, a motion was subsequently passed by the Board of Directors to re-establish this internally restricted fund to a balance of \$3,972.

**THE GRANGE HOMEOWNERS ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

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**4. EQUIPMENT**

	Cost	Accumulated amortization	2014 Net book value	2013 Net book value
Computer equipment	\$ 719	\$ (502)	\$ 217	\$ 395
Computer software	587	(161)	426	228
	<b>\$ 1,306</b>	<b>\$ (663)</b>	<b>\$ 643</b>	<b>\$ 623</b>

**5. DEFERRED CONTRIBUTIONS**

Deferred contributions represent homeowner fees received in the current or prior periods which relate to subsequent fiscal years. In 2014 there was \$720 of deferred contributions. In 2013 there were no deferred contributions.

**6. REPAIRS AND MAINTENANCE**

In 2014 fences along the Whitemud Freeway and Anthony Henday Drive were painted and repaired as required. The association spent \$23,726 on fence painting and \$1,536 on fence repairs in completing the task.

In 2013 fences along the future school / park site, fences along the well site, and the final section along Guardian Road were painted and repaired as required. The association spent \$27,109 on fence painting and \$1,093 on fence repairs in completing the task.

**7. LANDSCAPING**

In 2014 landscaping services were contracted for eleven different areas across the community – primarily in entrances directly off Guardian Road. The landscaping consisted of general cleanup and weeding, shrub pruning, and replenishment of fresh cedar mulch. The association spent \$12,630 on landscaping in 2014 completing the task.

In 2013 landscaping services were contracted for thirteen different areas across the community – primarily in entrances directly off Guardian Road. The landscaping consisted of general cleanup and weeding, shrub pruning, and replenishment of fresh cedar mulch. The association spent \$11,093 on landscaping in 2013 completing the task.

**8. FINANCIAL INSTRUMENTS**

The association is exposed to various risks through its financial instruments. The following analysis presents the association's exposures to significant risk at the reporting date, December 31, 2014.

Unless otherwise noted, it is management's opinion that the association is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values.

**THE GRANGE HOMEOWNERS ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

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**8. FINANCIAL INSTRUMENTS (CONT'D)**

Credit Risk

The association is exposed to credit risk with respect to the accounts receivable. The Association assesses, on a continuous basis, accounts receivable on the basis of amounts it is virtually certain to receive.

Interest rate risk

The association is exposed to interest rate risk arising for its cash and cash equivalents. The company does not use any derivative investments to reduce exposure to this risk.